

Newark

Sharpe James
Mayor

Department of Land Use Control

920 Broad Street
Newark, New Jersey 07102
201 733-5378

Edwin McLucas
Director

MEMORANDUM

TO: Honorable Sharpe James, Mayor

FROM: Edwin McLucas, Director *Em*
Department of Land Use Control

DATE: January 10, 1994

RE: 611 MARTIN LUTHER KING BOULEVARD

This is a twenty-one (21) story, masonry structure with 420 apartments (approximately 20 apartments to each floor), with a history of code enforcement activity.

The most recent violations, for which notices of violation and court cases have been instituted are defective ceilings, defective tiles in bathrooms and kitchens, smoke detectors, defective sidewalls, defective or lack of refrigerators, defective kitchen cabinets, defective or lack of blinds, defective medicine cabinets, need to paint incinerator room from the 1st to the 21st floor; need for paint in the stairwells and hallways; defective exit door, defective windows. In 1993 and 1994 these violations totalled seventy-nine (79) dockets. The majority of these cases are to be heard on January 26, 1994.

Also in 1993 and 1994, there have been ten (10) court cases instituted for lack of elevator service. There have also been thirty-three (33) court cases instituted for failure to provide hot water. There are one hundred and twenty-two (122) dockets pending, in municipal court, against this property, with a total of 1,198 counts.

On July 7, 1993, thirty (30) dockets were heard in municipal court, resulting in an assessment of fines in the amount of \$28,000.00 with \$700.00 in court cases.

Please note that this property has changed hands on several occasions, all of which have been some type of "corporation" or "management group". Currently, the present agent of the property, Wayne Fox, represents the Newark Community Housing Apartments, Ltd., whose principal office is in Silver Springs, Md. Mr. Fox's address is given as being 1035 Sterling Road, Herndon, VA.

In April 1992, a meeting was held with Millard Monroe, who at that time, was manager of the Division of Inspections and Enforcement; Jerome Mighty of the Business Administrator's office; John Rudder, a volunteer member of the Multiple Dwelling Task Force; Wayne Fox, President of Realty Management Associates, Inc. ("R.M.A.") and Dallas Gordon, R.M.A.'s on-site property manager for 611 M.L. King Boulevard.

The meeting was convened at the request of Mr. Fox, who indicated that he had wanted to apprise the city of the proposed purchase of the building and R.M.A.'s plans for renovation. He was requesting that the Division of Inspections and Enforcement allow R.M.A. additional time to bring the property up to code. Prior to this meeting, the Division of Inspections and Enforcement had issued numerous notices of violation against the property. Mr. Fox stated that a new entity was being formed, to purchase ("buy out") the current general partner's interest in the property. Mr. Rudder asked Mr. Fox who were the principals in the new entity, however, Mr. Fox refused to respond with the names of any of principals. Mr. Rudder then asked if any of the principals in the "new entity" were the same as the "old" entity. Again, Mr. Fox refused to give any names.

Mr. Fox stated that the Department of Housing and Urban Development ("HUD") is the mortgage holders for this property. The property was in arrears and a foreclosure action had been instituted. The new entity proposed to pay all mortgage arrears in an agreement with HUD. Additionally, the property had received a tax abatement. The abatement had been rescinded due to tax arrears. The Municipal Council agreed to reinstate the tax abatement, in return for payment of the remaining arrearage and extensive renovations being made to the property. R.M.A. proposed to make \$9,000,000.00 in renovations, including two (2) new boilers, a new boiler room, extensive renovation of individual apartments. They would relocate the tenants within the building during the renovations. At that time, there were approximately fifty (50) vacant apartments and R.M.A. proposed to do one floor at a time. R.M.A. took over management of the building on February 1, 1992. Since then, Mr. Fox stated, it had already made important improvements, which included temporary by fairly extensive repairs to the two existing boilers. It was stated that the new owners intended to invest \$8,000,000.00, and that they would finance the rest of the costs of purchase, payment of arrears and renovations through the sale of tax credits and new borrowing.

Subsequent to that meeting, a decision was (agreed upon) made to allow the new company sufficient to correct the existing violations and perform the necessary renovations.

For the next several months, following the meeting there were significant improvements in the building. There was a new security desk and security was visible throughout the building. There were skilled maintenance personnel doing repairs and renovations in and around the building; one of the boilers was repaired and the new

manager of the building was very cooperative, and made an effort to address violations in the building.

My current concerns focus on the following:

1. Oil truck with direct connection to boiler: Have been advised that there are no oil tanks in the ground. EPA ordered that tanks be removed. Order has been placed to convert to gas heat.
2. Lack of sufficient heat: One properly operating boiler should be able to provide service.
3. Insufficient hot water: Management has stated that boiler must be shut down for the two days to replace coils which will provide needed capacity.
4. Elevator service: As of today, only two of the five elevator were in service, one of which was the freight.
5. Relocation of the fuse boxes which are in the incinerator room.
6. Funds for renovations and periodic maintenance: of the 420 apartments only 33 are vacant. If management collects \$500.00 per apartment each month (conservative estimate), the yearly rental income should be \$2,300,000.00. This is a tax abated property. Are there funds available for needed maintenance and repairs?
7. Financial Status: Review of.....